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COMMISSION ON TRANSNATIONAL CORPORATIONS
Seventeenth session
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Agenda item 14

ADOPTION OF THE REPORT OF THE COMMISSION ON ITS SEVENTEENTH SESSION

Draft report

Addendum

Rapporteur: Andrew G. BANGALI (Sierra Leone)

Chapter ___

INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING

1. The Commission considered agenda item 9 at its 10th meeting, on 16 April 1991. It had before it the report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its ninth session (E/C.10/1991/12 and Corr.1).

2. The Executive Director of the United Nations Centre on Transnational Corporations reviewed the objectives and accomplishments of the Group in order to assist the Commission in deciding on the renewal of the Group's mandate. He said that the Group had produced many useful technical reports in the area of harmonization of accounting standards and was engaged in a number of technical cooperation projects, which were having positive effects on countries in the process of standard-setting. Thus, the Group continued to play an important role. He therefore recommended that the Commission adopt the two draft decisions contained in the Group's report, one of which contained a draft resolution for adoption by the Economic and Social Council extending the duration of the Group's mandate to five years.

3. Delegations expressed the view that the activities of the Group made a positive contribution to international cooperation. They expressed appreciation for the results achieved by the Group at its ninth session. Some of its topics were of practical interest to countries in the process of transition to a market economy. Further, those topics were useful for the establishment of joint-ventures and the creation of accounting organizations in the case of privatization of some properties, including evaluation and future stock-market speculations. Those activities required the training of financial specialists; for that reason the Centre was providing assistance to countries on request. Delegations supported the extension of the mandate of the Group from three to five years, with alternating sessions to discuss general and specific subjects.

4. One delegation stressed that the disclosure of information and comparability of financial statements was useful for its country and facilitated international exchange and an opening towards the business community. It praised the Group for being the only intergovernmental forum on accounting with strong participation from developing countries. The delegation made several proposals concerning the future activities of the Group, including discussion of accounting standards of transnational corporations, alternating sessions to discuss general and specific subjects every March in New York, the length of each session to be no longer than seven or eight days, the possibility of making use of extrabudgetary resources for improving the participation of developing countries and the renewal of the mandate of the Group.

5. Another delegation stated that its country subscribed to the general goal of the Group and stressed the importance of accounting for his country, which was in transition to a market economy, within a short time period. The adoption of a legal framework was not sufficient and there was need for scope for economic action adapted to the changes.

6. Another delegation expressed satisfaction with the geographical balance and the quality of attendance at the present session. It recommended that the Group focus on the participation of developing countries and expressed its thanks to the donor countries that provided extrabudgetary resources for increasing the attendance of the developing countries. The primary substantive issues were the comparability of financial statements and information disclosure. The most crucial topics were environmental accounting and accountancy in countries in the process of transition; those topics went beyond accounting for transnational corporations.